



AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 21, 2018
Action Item for the City Council Meeting of August 28, 2018

DATE: July 30, 2018

TO: Keith Selman, Interim City Manager

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Land Purchase
Nueces Bay Boulevard Elevated Water Storage Tanks
(Capital Improvement Program)

CAPTION:

Resolution determining the fair market value of industrial property and authorizing execution of a real estate sales contract with Flint Hills Resources Corpus Christi, LLC for \$127,513.75 plus estimated closing costs of \$2,500 for Nueces Bay Boulevard elevated tank site

PURPOSE:

The acquisition of this tank site will provide higher water pressures and better pressure stabilization in the City's water distribution system in the area of Nueces Bay Boulevard as required by TCEQ in the Alternative Capacity Requirement (ACR) implementation plan.

BACKGROUND AND FINDINGS:

The City's existing Elevated Storage Tanks (EST) have inadequate volume and elevation to meet minimum water storage requirements as required by the Texas Commission on Environmental Quality (TCEQ). In February 2009, the City awarded an A/E contract to LNV Engineering Inc. for a location study and capacity design of the needed elevated tanks. LNV Engineering determined

that four elevated tanks were needed at various sites within the City. The new sites were identified as the Holly Road site with 3.0 million gallons (MG), the Rand Morgan site with 0.75 MG, the Flour Bluff site (Flour Bluff Drive at Division Road) with 2.5 MG and the Nueces Bay Boulevard site with 1.25 MG.

In June 2012, TCEQ approved the City's plan to replace four of its existing elevated tanks with new ones. These replacements will occur in four phases over a nine-year period. In 2016, TCEQ approved combining Phases 3 and 4 into a single project to reduce cost and accelerate the implementation plan. This project is the third phase which requires construction of two new tanks, one at Starry Road and the other at Nueces Bay Boulevard. The site on Nueces Bay Boulevard is to be purchased under this contract.

City staff identified a suitable site off of Nueces Bay Boulevard, between West Broadway and Summer Street as shown on the attached Location Map. The land belongs to Flint Hills Resources (FHR) and was acquired as a part of their buffer land buyout. City staff and FHR began negotiations to identify a portion of the land to situate the elevated tank. A 1.15-acre site was selected as shown on the Proposed Site Layout exhibit. FHR purchased and obtained an Environmental Site Assessment to insure the land was clear of any environmental issues. The report was given to the City for review and indicated that there were no issues.

Comparable and current land sales information was not available for this industrial area. An offer to purchase the land was made by the City using the purchase price of the Rand Morgan tank site at \$2.45 per square foot (PSF). A final sales price in the amount of \$127,513.75 was agreed upon by the parties based on \$2.54 per square foot. The contract will be escrowed at San Jacinto Title Company at 520 Lawrence Street. A copy of the sales contract is attached.

ALTERNATIVES:

1. Authorize purchase of the subject property. (Recommended)
2. Do not authorize purchase of the subject property. (Not Recommended)

OTHER CONSIDERATIONS:

None

CONFORMITY TO CITY POLICY:

The Real Estate Sales Contract is permitted by City Charter, Article X, General Powers and Provisions Section 1 (a)(8) to acquire and own property by the City and also by Section 2 (A) requiring contracts to be authorized by the City Council where the expenditure exceeds the limit of \$50,000.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Water Department

FINANCIAL IMPACT:

Operating Revenue **Capital** Not applicable

Fiscal Year 2017-2018	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Budget		200,000.00	10,000,000	10,200,000.00
Encumbered / Expended Amount				
This item		130,013.75		130,013.75
Future Anticipated Expenditures This Project				
BALANCE		69,986.25	10,000,000	10,069,986.25

Fund(s): Client Department Fund or Bond Program Fund, etc.

RECOMMENDATION:

Staff recommends approval of the Resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

- Resolution
- Location Map
- Proposed Site Layout
- Project Site
- Presentation
- Sales Contract